

III.B.1.a

MEMO TO: City Council

FROM: Lenda Crawford, Finance Director

DATE: May 2, 2006

SUBJECT: **STAFF REPORT: Financial Status Report for the year ended 2005**

This report summarizes the financial performance of the major City funds, including the General, Enterprise and Capital Improvement Program funds for the period **January 1 through December 31, 2005**. Detailed tables supporting the analysis are included as appendices to this report.

Staff will be present at the May 2 Council meeting to answer any questions on the report. If you have questions prior to that time, please contact me at 425.556.2160 or Martin Chaw at 425.556.2165.

## EXECUTIVE SUMMARY

### *General Fund*

At the close of the year, the financial future for the General Fund remains uncertain. Revenues increased modestly which allowed the fund to cover its costs and breakeven for the year. However, concerns linger as sales tax, the City's largest revenue source, has not recovered the ground lost since 2000, and expenditures are expected to trend higher in the second half of the biennium.

Redmond is one of two cities whose sales tax revenue is still below 2000 levels. The other one is Tukwila. Surrounding cities including unincorporated King County have surpassed their 2000 collections and many of them are now experiencing double digit increases over the prior year as shown in the chart below.

**Sales Tax Collections by Jurisdiction  
2005 vs. 2004 and 2000 (\$M)**

<b>Jurisdiction</b>	<b>2005</b>	<b>2004</b>	<b>2000</b>	<b>% Change 2005 vs 2004</b>	<b>% Change 2005 vs. 2000</b>
Bothell	\$ 9.6	\$ 8.1	\$ 9.0	19%	7%
Bellevue	42.8	37.9	42.1	13%	2%
Kirkland	14.9	12.9	12.4	16%	20%
Seattle	131.0	117.7	123.6	11%	6%
Issaquah	10.2	9.3	8.0	9%	26%
Uninc. King County	78.0	72.6	73.7	7%	6%
Redmond	17.4	16.5	17.5	5%	-1%
Renton	17.5	16.8	15.7	4%	12%
Tukwila	16.8	16.2	18.5	4%	-9%

Source: Wa. State Department of Revenue; January – December collections

On the expenditure side of the budget, departments spent nearly all of their allocations in 2005. Six years of cost cutting has made budgets extremely tight. Expenses are expected to trend higher in 2006 as labor contracts are settled, vacancies are filled and work programs continue to be executed. It is important to note that the \$1.7 million economic contingency has not been used and remains as a cushion in the event of further economic weakness.

### *Enterprise Funds*

The financial position of the City's Water/Wastewater Utility weakened considerably as water consumption declined due to an unusually wet spring and early summer. While the Utility was able to live within its means, operating income fell from \$1.5 million in 2004 to \$93,000 in 2005. Conditions will be monitored closely in 2006 as the Utility's operating cushion has been nearly eliminated. This is despite a 2% increase in rates at the beginning of 2005.

The Urban Planned Development (UPD) utility continued to struggle in 2005. A delay in the development of the business park, a significant decline in irrigation and multi-family water sales and higher operating costs resulted in this Utility ending the year with an operating loss of \$200,000. There was enough cash in the fund to pay expenses. However, the long-term goal is to get the UPD to the point where operations can be sustained with ongoing revenues. This is expected to occur as the UPDs get closer to build-out.

There was no major change in the operating position of the Stormwater Utility. Revenues and expenses except for transfers to the Capital Improvement Program (CIP) were almost identical to 2004. It was expected that CIP transfers would be lower because the current rate of \$11.50 addresses only a portion of the Utility's CIP needs.

Rate studies are underway for all three Utilities in 2006 to evaluate the sufficiency of rates to cover higher operational costs and address CIP needs.

***Capital Investment Program***

On a more positive note, the City continues to execute its General CIP at a fairly high rate and revenues are strong. The Transportation, Parks and General Government functional areas accounted for the majority of expenses. It should be noted that General Government expenses were high due to the City equipping and furnishing the new City Hall and making its first lease payment. Revenues were boosted by stronger than anticipated real estate excise taxes and impact fees.

The following sections provide more detailed information regarding the City's General, Enterprise and CIP funds.

## GENERAL FUND

### Revenues

In 2005, City revenues showed a modest improvement over 2004. Operating revenues totaled \$53.7 million, excluding the beginning fund balance. This is a 4.3% increase over the prior year. Two of the City's largest revenue sources, sales and telephone utility taxes, remained weak. In addition, fines and forfeiture revenue ceased as of September 2005 as King County District Court is now retaining 100% of these revenues to cover its costs. On a brighter note, property taxes, electric and gas utility taxes, development review fees and business licenses were higher than budget.

The City began the year with a \$5 million **beginning fund balance** which represented carryover monies from the 2003/04 budget. The fund balance will be used to support current operations and serve as a hedge against further economic weakness. It includes:

- A \$3.3 million economic contingency; \$1.6 million of which was allocated as part of the 2005/2006 budget process to support city operations. The remaining \$1.7 million is reserved in the event economic conditions worsen.
- \$1.5 million for work carried over and unsettled labor contracts from the 2003/04 biennium.
- \$200,000 which was subsequently earmarked for City Hall furnishings and will be transferred to the General Government Capital Improvement Program in 2006.

Below is a summary of the major variances noted in General Fund revenues.

- **Sales taxes** which represent approximately one-third of General Fund revenues, totaled \$17.4 million and were \$500,000 below the 2005 budget. This tax increased 5% over 2004 after adjusting for a large one-time payment in that year. It should be noted that sales tax receipts in 2005 are still below 2000 levels when the City received \$17.5 million.

Although construction, retail sales, wholesale and business services were up between 2004 and 2005, the telecommunications and manufacturing sectors declined 27% and 20%, respectively. These sectors dampened the growth rate of sales tax revenues.

**Redmond Sales Tax Collections (\$M) by  
Industrial Classification  
2005 vs 2004 and 2000**

<b>Development Category</b>	<b>2005</b>	<b>2004</b>	<b>2000</b>	<b>% change (2005 vs 2004)</b>	<b>% change (2005 vs 2000)</b>
Construction	\$2.8	\$2.4	\$3.3	16%	-15%
Retail	7.5	7.3	6.2	3%	21%
Telecommunications	1.1	1.5	.9	-27%	22%
Manufacturing	.4	.5	.5	-20%	-20%
Wholesale	2.3	2.1	2.9	10%	-21%
Business Services	<u>3.3</u>	<u>2.7</u>	<u>3.7</u>	<u>21%</u>	<u>-11%</u>
Total	\$17.4	\$16.5	\$17.5	5%	-1%

Source: Wa. State Department of Revenue

- **Telephone utility taxes** were also below budget for the year. The City collected \$3.1 million in telephone utility tax revenue which was \$600,000 below budget. This compares to \$3.2 million in 2004. This revenue source continues to deteriorate as consumers shift away from land lines and towards cheaper alternatives such as cellular, long distance phone cards and internet based telephone services.

- The City received only \$64,000 in **finances and forfeitures** in 2005. This represents the entire collection for the 2005/06 biennium because effective September 1, 2005, King County began retaining 100% of these revenues to pay for District Court services. The previous revenue sharing arrangement was 86% to the County and 14% to the City. This new arrangement will result in a shortfall of \$134,000 in the current biennium. In the future, no revenues will be budgeted for this category.

Offsetting these declines are:

- **Property taxes.** At \$11.1 million, this revenue source was \$600,000 higher than the 2005 budget. Final assessment values from the King County Assessor for the state's utilities, which include assets of Puget Sound Energy and Verizon, for example, were higher than anticipated.
- **Electric and natural gas utility tax revenues.** These revenue sources came in higher than budget due to recent increases by Puget Sound Energy. Collectively, they totaled \$5.0 million and were \$405,000 above budget. In 2004, the City collected \$4.3 million from these two sources.
- **Business Licenses.** This revenue was \$113,000 or 7% above the budget of \$1.7 million. The higher collections reflect a larger number of taxable employees than assumed in the budget. In 2005, the City licensed 64,866 employees as compared to a budget of 61,244.
- **Development review fees.** These fees were \$600,000 higher than budget led by residential building permits. The City collected \$1.3 million in residential permits in 2005, which represents nearly all of the two-year budget of \$1.4 million. Offsetting these strong collections were commercial construction permits. Only one-third of its budget was collected. While commercial construction activity languished in 2005, it is expected to increase in 2006 with the planned expansion of the Microsoft campus.

**Building Permits Issued in Millions of Square Feet  
1999-2000 thru 2005-2006**

<b>Development Category</b>	<b>1999-00</b>	<b>2001-02</b>	<b>2003-04</b>	<b>2005-06</b>
Commercial	7.5	2.9	1.3	2.2
Residential	.9	.9	1.8	2.1
Multifamily	.3	1.0	.7	.9
Tenant Improvement	<u>7.6</u>	<u>3.6</u>	<u>1.9</u>	<u>4.0</u>
<b>Total</b>	<b>16.3</b>	<b>8.4</b>	<b>5.7</b>	<b>9.2</b>

Source: City Planning Department

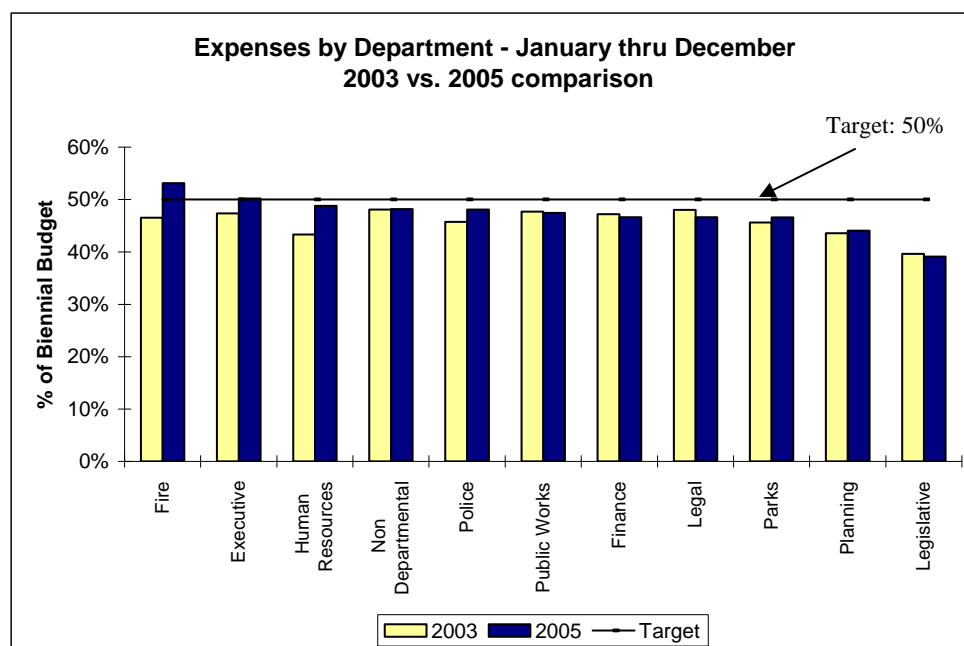
*It is important to note that the additional fee revenue received in 2005 may not continue in 2006 because the fee structure will be changing effective March 1 and May 1, 2006. The new fee structure is based upon achieving an 85% to 90% cost recovery for development review services. This is different than 2005 and in past years when Redmond's development review fees were based upon the value and size of a project in accordance with the Uniform Building Code (UBC). In good years, the revenue generated from the UBC fee structure was higher than the City's cost. Under the new fee structure, revenues will be more commensurate with costs. In some cases, the General Fund will even subsidize development review operations.*

### ***Expenditures***

At the end of 2005, expenditures totaled \$52.5 million. However, these numbers are low because they do not include labor settlements for Police and Fire for 2005, pending arbitration on the health benefit issue for the fire union, higher worker compensation claims and the transfer to the Capital Improvement Program for City Hall furnishings. After adjusting for these items, expenses should be \$53.7 million or 48.4% of budget.

All departments were within their budgets for the first half of the biennium with the exception of Fire. In Fire, overtime continues to pose a challenge. These costs spiked to \$1.1 million in 2005 compared to \$543,000 in 2004, \$655,000 in 2003 and \$565,000 in 2002. Expenditure rates for other departments ranged from 44% to 50%.

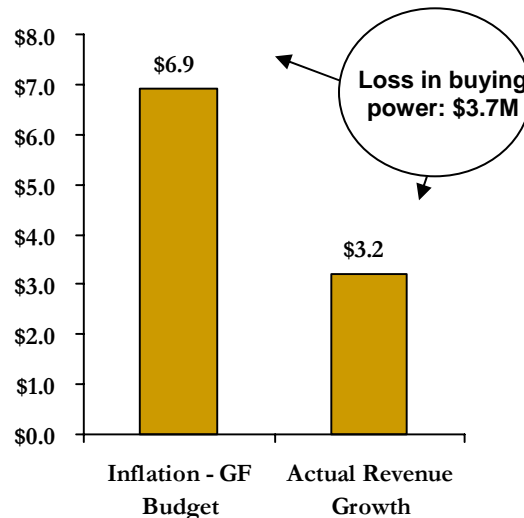
Operating departments spent a higher percentage of their budgets in the first year of the 2005/2006 biennium compared to the first half of the 2003/04 biennium when the expenditure rate was 46.4%.



Source: City Financial Records

The budget is tight because it has not kept pace with inflation, population or the rising costs of City services since 2000. Inflation has increased 15% and population 11% during this period, while actual revenues grew by 6%. The graph below illustrates the loss in buying power as a result of the budget not keeping pace with inflation.

### General Fund Budget Growth vs. Inflation Between 2000 and 2005



Note: Excludes Beginning Fund Balance;

Given the weakness in revenues, Redmond has been cutting programs and services since 2001 in an effort to live within its means. The City continued to be extremely cautious about its spending in 2005, and this vigilance will remain in place in 2006.

*It is important to note that the City is maintaining a \$565,000 contingency within Non-Departmental to pay for future increases in PERS/LEOFF. The State Legislature's decision to phase in higher PERS and LEOFF rates rather than fully funding these systems as proposed by the State Actuary shifted pension liabilities to future years. The City utilized \$435,000 of this contingency in 2005, which was originally \$1 million, and an additional \$30,000 in 2006 to pay for approved rate increases. The remaining contingency of \$565,000 will be carried over into the next biennium and allocated accordingly as rates are anticipated to steadily increase until the PERS/LEOFF systems are fully funded.*

## ENTERPRISE FUNDS

At the end of 2005, all three Utilities were operating within budget. However, the City's Water/Wastewater (W/WW) Utility experienced a significant decline in water sales and higher costs that adversely affected its operating position. Operating income declined from \$1.5 million in 2004 to \$93,000 in 2005.

The UPD saw its fiscal position deteriorate. A decline in irrigation and multifamily water sales and a delay in the development of the business park caused this Utility to report a \$200,000 operating loss for the year.

The Stormwater Management (SWM) Utility's financial situation remained about the same as 2004. Transfers from the Operating Fund to the CIP continues, albeit at a lower amount as the \$11.50 monthly rate provides for only partial compliance with the capital needs of the Utility.

Rate studies are presently underway for each of the Utilities. Key issues to be addressed as part of these rate studies will include: 1) financing the capital needs of the W/WW Utility and unfunded projects of the Stormwater Management Utility CIP to ensure compliance with current state and federal environmental regulations; 2) rising costs of purchased water from the Cascade Water Alliance (CWA); and 3) higher ongoing operations and maintenance costs.

### *Water/Wastewater Utility*

At the end of 2005, revenues and expenditures for the Utility were within budget. Revenues, excluding the fund balance, totaled \$21.1 million, or 50% of budget and were sufficient to cover expenditures of \$20.7 million. Revenues were on target primarily due to regional capital facility charges being higher than normal. Lower water consumption reduced water and sewer revenues between 2004 and 2005.

Water consumption declined 8% from the prior year with a drop occurring in all customer classes. Irrigation showed the greatest decline -- down 22% year-over-year. As a result, water and sewer rate revenue was 4% below budget by year-end. The decline in the utility's main source of revenue is a cause for concern and will be watched closely for the remainder of the biennium.

### **In-City Utility Water Sales by Customer Classification**

**2005 vs 2004**

<b>Customer Class</b>	<b>2005</b>	<b>2004</b>	<b>% Change 2005 v. 2004</b>
Irrigation	46.58	59.96	-22%
Multifamily	63.73	65.84	-3%
Commercial	82.52	84.06	-2%
Residential	<u>87.51</u>	<u>94.23</u>	<u>-7%</u>
Total	280.34	304.09	-8%

Source: Redmond Utility Billing; millions of cubic feet of water sold

Offsetting lower water and sewer revenues was the regional capital facility charge collected on behalf of the Cascade Water Alliance. These charges represent connection charges assessed upon new connections to the water conveyance system. CWA rates increased at the beginning of 2006, doubling over their 2005 levels. As a result, the Utility experienced a significant surge in the number of applications for water meters in 2005. Nearly all of the two-year connection fee budget was collected in one year (actuals \$1.4 million vs. two-year budget of \$1.5 million).

Utility expenditures at \$20.7 million were within expectations in all areas except for the pass-thru of the CWA connection charge, which was 86% spent as of the end of the first half of the biennium. As mentioned above,



this is due to a rush by developers to get new applications in before the increase in CWA connection charges went into effect in January 2006.

It is important to note that while purchased water costs were within budget, this cost center increased by 27% between 2004 and 2005. These costs are projected to be even higher in future years as bonds are issued to build out Cascade's water distribution system. Approximately \$55 million in revenue bonds will be issued in May 2006 for this purpose. To finance these bonds, it is anticipated that purchased water costs may increase by 6% to 8% annually over the next several years, raising the cost of utility operations. Purchased water costs currently comprise approximately 14% of the Utility's budget.

From an income statement perspective, the Utility's operating income declined from \$1.5 million in 2004 to \$93,000 in 2005. This decline is due to higher purchased water costs, excise taxes, METRO charges, depreciation and administrative expenses.

- Purchased water costs increased \$570,000 in 2005 although consumption declined. This occurred because purchased water is not based on current consumption but on a three-year moving average of historical water usage and an entity's demand share of the system under the CWA contract. So in any given year, the amount the City pays in water costs is not directly correlated with annual consumption.
- Excise taxes rose between 2004 and 2005 due to eliminating the one-time refund received in 2004. There was no change in the excise tax rate during this period.
- In 2005, METRO costs exceeded METRO revenues. Expenses were based on water consumption which occurred in 2003 and 2004; while revenues reflected the current year's consumption which declined 8%.
- Increases in depreciation and administrative expenses were due to more assets coming on line and higher costs to operate the Utility.

In light of the decline in water consumption as well as a potential increase in purchased water costs by the CWA, a rate study is presently underway that will evaluate the sufficiency of current rates to meet operating and capital needs for the remainder of 2006 and the 2007-08 biennium.

Expenditures for the **WWW CIP program** totaled \$7.0 million or 49% of budget and compare to \$5.0 million in 2004. Projects under construction include completion of the SE Redmond Transmission Main during the summer of 2006 and continued construction of Well #5. Projects in design include rehabilitation of Wells #1 and #2 at Anderson Park and Well #3 on Avondale Road. The cost for rehabilitating the Anderson Park wells is expected to be higher than budget due to the need to find an alternate location for the proposed water treatment facility at the direction of the City Council. Construction costs are anticipated to increase between \$1.2 million to \$2.0 million, reflecting land acquisition as well as additional engineering expenses. As this additional capital cost is not included in the Utility's six year CIP, further evaluation will be needed to determine its impact upon rates. This issue is included in the rate study currently underway.

#### ***Urban Planned Utility (UPD)***

In 2005, UPD expenses exceeded revenues excluding the beginning fund balance. Revenues totaled \$4.0 million while expenses came in at \$4.1 million. Cost recovery will remain an issue until this community is closer to build-out.

Overall revenues were 8% below budget although the Utility experienced an increase in consumption. The decline in irrigation and multi-family consumption resulted in water/sewer sales being 19% below budget by

year-end. Engineering and the depreciation rate surcharge revenues were also below budget because of a delay in the development of the business park.

**UPD Utility Water Sales by Customer Classification  
2005 vs. 2004**

<b>Customer Class</b>	<b>2005</b>	<b>2004</b>	<b>% Change 2005 v. 2004</b>
Irrigation	4.76	6.61	-28%
Multifamily	1.53	1.68	-9%
Commercial	1.03	.75	37%
Residential	<u>12.72</u>	<u>10.23</u>	<u>24%</u>
Total	20.04	19.27	4%

Source: Redmond Utility Billing; millions of cubic feet of water sold

Partially offsetting weaker sales and development review fees was the CWA regional capital facility charge. As with the in-city utility, activity for water meter installations surged toward the end of 2005 as developers attempted to get in before the connection fees were doubled at the beginning of 2006 by the CWA. This surge in activity resulted in the UPD collecting all of the estimated revenue for the biennium in a single year.

The Utility incurred \$4.1 million of expenses during the year which represented 45% of budget. All areas except the pass-thru to the Cascade Water Alliance were within budget. As mentioned above, revenue in this area was higher due to a rush by developers to get new applications in before the increase in CWA connection charges went into effect in January 2006.

As with the in-city utility, an issue that will affect the UPD's purchased water costs is the anticipated revenue bond sale (approximately \$55 million) by the Cascade Water Alliance. Purchased water costs currently comprise approximately 18% of utility expenditures and are expected to rise between 6% and 8% annually over the next several years because of this debt.

From an income statement perspective, operating income declined and the Utility ended with a loss of \$200,000 in 2005 as compared to a gain of \$67,000 in 2004. The decline in the Utility's operating position was primarily the result of an increase in purchased water costs and a decline in the spread between METRO charges and METRO revenues as explained below.

- Purchased water costs were 19% higher than 2004. While higher water consumption in 2005 accounted for a portion of this increase, the majority is explained in how the CWA bills for water. Under the contract, purchased water is not based on current consumption but on a three-year moving average of historical water usage and an entity's demand share of the system. So in any given year, the amount the Utility pays in water costs is not directly correlated with annual consumption.
- The difference between METRO charges and METRO revenues declined from \$175,000 in 2004 to \$37,000 in 2005. The decrease is due to the timing and basis of the METRO payments versus revenue collections. METRO expenses are higher because they are based upon consumption for the previous two years, which was high. On the other hand, revenues are based upon the current period of lower water sales.

No expenditures occurred for the **UPD CIP** program. The biennial budget consists of \$150,000 for installation of an electronic security system at the Utility's water tanks and facilities. Installation of these security measures are expected to occur and be completed in 2006.

### ***Stormwater Management Utility***

The Stormwater Management Utility operating position was about the same as it was in 2004. In 2005, revenues were \$7.2 million compared to \$7.3 million in 2004. Expenditures declined in 2005 to \$7.0 million from \$7.8 million. The major difference was the transfer to the Capital Improvement Program. Stormwater transferred \$3.3 million to the CIP in 2004 and only \$2.5 million in 2005. This lower transfer was anticipated because the Utility did not receive a rate increase to fully recover its CIP needs. The current rate of \$11.50 allows the Utility to be only partially compliant with environmental regulations. The Council stated its intent to review stormwater rates in the 2005-2006 biennium and staff is currently updating the rate study to reflect operating and capital needs. It is anticipated that discussions with the Council will occur later this year.

From an income statement perspective, the Utility ended 2005 with a slight decline in operating income from \$1.9 million to \$1.8 million.

It is important to note that expenditures for the **Stormwater Management Utility CIP** were about \$1.0 million higher than they should have been due to the Transportation CIP portion of the 116<sup>th</sup> St. culvert being inadvertently charged to Stormwater Management. This correction occurred in early 2006. Total CIP expenses after adjusting for this project was \$4.6 million which was about the same level of expenditure in 2004. Significant project activity in 2005 included completion of the Idylwood Stream upper reach and substantial progress on replacing the culvert on NE 116<sup>th</sup>. The NE 116<sup>th</sup> Street culvert replacement project is expected to be completed during the second quarter of 2006.

## CAPITAL INVESTMENT PROGRAM

The expenditure rate for the City's General CIP increased from 30% in 2004 to 33% in 2005 as Transportation and Parks continued to execute their six-year capital programs. Expenses also increased in the General Government area as a result of the completion and occupancy of the new City Hall. Revenues were strong at 64% of budget led primarily by real estate excise taxes and impact fees. For further information on the General CIP revenues and expenditures, please refer to the detail below.

### **Revenues**

After the first year of the biennium, revenues are running 14% above budget. Revenue collections are strong in all areas with significant increases noted in real estate excise tax, impact fees, private contributions, investment interest and operating transfers. Below is an explanation of these major variances.

**Real Estate Excise Taxes (REET).** These revenues were approximately \$5.5 million in 2005, exceeding the entire budget for the biennium by approximately \$60,000. The growth in real estate transactions, especially single family housing coupled with rising prices of real estate have boosted this revenue source. Of the \$5.5 million collected, approximately 60% was attributable to single family home sales and 40% to commercial transactions.

**Business License Surcharge.** For 2005, \$3.6 million has been collected which represents a little over 51% of the biennial budget. This higher revenue is due to a greater number of taxable employees in the City than the number assumed in the 2005 budget. The City had 64,866 taxable employees in 2005 or 6% more than budget. The CIP receives \$55 of the \$83.25 head tax.

**Impact Fees.** The City collected approximately \$1.9 million in 2005 in impact fees which represents about 69% of the biennial budget. Impact fee collections can vary widely as the City records this revenue only when new construction is complete. Of the total, transportation received \$1,052,000, Parks \$772,000, and Fire \$68,000. Below is a recap of how this money was used.

- Of the \$1,052,000 collected for Transportation, \$675,000 was spent in 2005 on Union Hill Phase 1, Redmond Way (SR202) additional lanes and NE 83<sup>rd</sup> St.
- Parks spent \$282,000 of its fees on the Southeast Redmond Neighborhood Park project.
- Fire did not expend any of its impact fees.

**Private/ Other Contributions.** Collections exceed the biennium budget of \$195,000 by \$381,000 due to large contributions for the NE 116<sup>th</sup> corridor project from developers and \$183,000 for the York Bridge project from King County.

**Investment Interest.** Interest earnings are 9% higher than budget due to higher cash balances in the General CIP relative to the rest of the City.

**Operating Transfers.** Operating transfers are at 73% of the biennium budget because most of the transfers were scheduled to occur in 2005.

## ***Expenditures***

Spending levels as a percent of budget increased to 33% in 2005 versus 30% in the prior year. Higher expenditure rates occurred in Transportation, Parks, and General Government although the actual dollars spent were less. In Police and Fire, spending rates declined. Below is a summary of the major highlights within each functional area.

The **Transportation** functional area expenditure level increased from 38% of budget in 2004 to 41% in 2005. Significant projects completed include: Union Hill Road Widening, Bear Creek Parkway Extension, NE 83<sup>rd</sup> Street Improvements, 185<sup>th</sup> NE Extension, and Street Resurfacing. Major projects underway are the York Bridge, NE 116<sup>th</sup> Corridor project and Redmond Way Access Control.

Please note that expenditures in this area are understated by approximately \$1 million due to transportation related expenses for the NE 116<sup>th</sup> Corridor project being inadvertently charged to Stormwater's portion of the project. An adjustment will be made in 2006 to correct the accounting for the two functional areas.

**Park CIP** expenditures totaled \$4.1 million for 2005 or about 34% of the biennium budget compared to an expenditure rate of 25% in 2004. Complete were the Bear Evans Creek trail, Hartman Park Field Lighting, and improvements to the southeast Redmond neighborhood park. The CIP continues to repay the outstanding loans for Perrigo and Grasslawn Parks, which will be retired in 2008.

**General Government CIP** expenditures totaled \$2.7 million or 26% of the biennium budget. The \$2.7 million in expense includes the following major expenditures: \$2.2 million for furnishing, rent and project management related to the new City Hall, \$220,000 for Community/Historical Treasures, \$160,000 for affordable housing, and a \$138,000 transfer to the Transportation CIP to reimburse the fund for impact fee waivers for the Village at the Overlake Station.

**Fire CIP** expenditures declined from \$1.1 million or 56% of budget in 2004 to 44% of the 2005-06 budget. Capital expenses were high in 2004 due to the purchase of an aerial ladder truck for Station #11. In 2005, expenditures were more routine and included the purchase of mobile data terminals and a transfer of funds to the Fire Equipment Reserve fund. Roof repair for Station 16 started in 2005 but the majority of construction activity is expected in 2006.

**Police CIP** expenditures totaled \$271,000 or about 6% of the budget and were up only slightly from 2004. The design of the new evidence area of the Public Safety Building, purchase of mobile data terminals and cameras for police vehicles were the largest costs in 2005. Expenditures are expected to increase in 2006 with construction of the new evidence area in the Public Safety Building.

## INVESTMENTS

The City's investment portfolio continued to meet the primary objectives of the investment policy: safety of principal, liquidity of funds, and attaining a market rate of return given the risk constraints and diversification guidelines. The investment portfolio increased slightly from \$104.2 million at the start of the year to \$104.8 million at year-end 2005, a .6% increase.

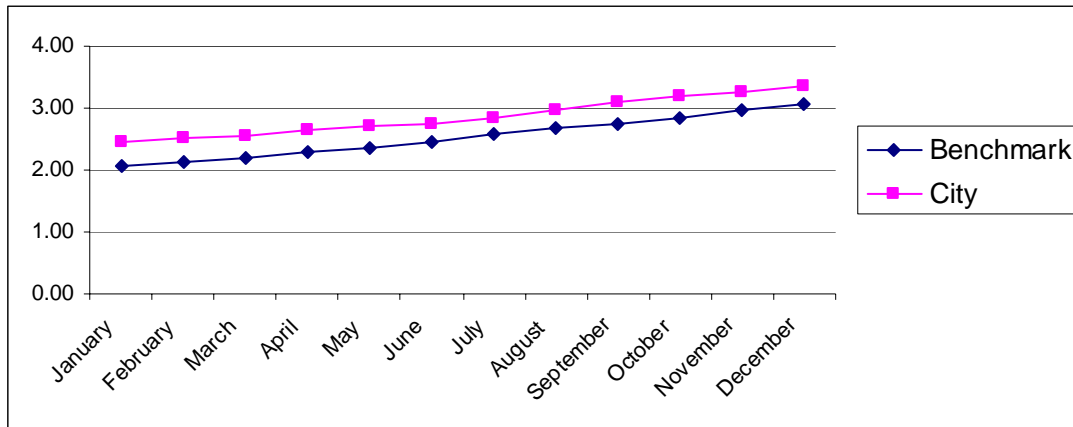
The table below provides a snapshot of the City's portfolio and performance at December 31, 2005.

**Portfolio Performance**  
**January 2005 – December 2005**

Investment Type	Book Value	Percentage of Portfolio	Days to Maturity	Yield To Maturity
State Investment Pool	\$ 7,076,402	6.75%	1	4.22%
Certificates of Deposit	25,723,227	24.55%	225	3.80%
Federal Agency Issues	68,096,021	64.98%	290	3.13%
Federal Agency Discount Issues	1,968,283	1.88%	225	2.55%
Bankers Acceptances	988,500	.94%	100	4.28%
Money Market Fund	<u>938,945</u>	<u>.90%</u>	<u>1</u>	<u>N/A</u>
	\$ 104,791,378	100.00%	251	3.37%

The City currently benchmarks its portfolio to the 2-year average of the 2-year Treasury Note. During 2005 the City was able to outperform its benchmark, earning an average interest rate of 2.86% versus the benchmark average of 2.53%. The following chart compares the City's rate of return to the benchmark.

**Portfolio Benchmark Comparison**  
**January 2005 – December 2005**



## **APPENDICES**

**General Fund Revenues and Expenditures  
January 1, 2005 - December 31, 2005**

	2005-06 Budget	Jan-Dec 2005	% of Budget	Jan-Dec 2004	% of Budget	Jan-Dec 2003	% of Budget
<b>BEGINNING BALANCES</b>							
Beginning fund balance	1,559,807	1,730,954	111.0%	0		5,037,773	
Economic Contingency - used	1,600,000	1,600,000					
Economic Contingency - remaining		1,700,000					
<b>Total Beginning Resources</b>	<b>3,159,807</b>	<b>5,030,954</b>	<b>159.2%</b>	<b>0</b>	<b>0.0%</b>	<b>5,037,773</b>	<b>303.0%</b>
<b>TAXES</b>							
<b>SALES AND USE TAXES</b>							
Sales Tx	36,562,000	17,352,854	47.5%	17,835,068	51.0%	16,507,769	47.2%
Use Tx	86,100	59,012	68.5%	49,186	#DIV/0!	52,089	#DIV/0!
Sales Tx on CJ	1,981,171	994,666	50.2%	912,768	47.0%	876,576	45.2%
<b>Total - Sales Taxes</b>	<b>38,629,271</b>	<b>18,406,532</b>	<b>47.6%</b>	<b>18,797,022</b>	<b>51.0%</b>	<b>17,436,433</b>	<b>47.3%</b>
<b>SALES TAX TRANSFER TO CIP</b>							
Sales Tx on Construction	(2,200,000)	(1,100,000)	50.0%	(1,100,004)	50.0%	(1,100,004)	50.0%
<b>PROPERTY TAXES</b>							
Property Tx	21,342,852	11,061,331	51.8%	10,182,453	50.7%	9,725,892	48.4%
<b>UTILITY TAXES</b>							
Electric	7,847,841	4,032,056	51.4%	3,535,365	47.8%	3,419,905	46.3%
Telephone	7,381,013	3,101,805	42.0%	3,160,314	42.4%	3,335,502	44.8%
Nat Gas	1,540,730	992,334	64.4%	780,191	39.0%	636,107	31.8%
<b>Total - Utility Taxes</b>	<b>16,769,584</b>	<b>8,126,196</b>	<b>48.5%</b>	<b>7,475,870</b>	<b>44.4%</b>	<b>7,391,513</b>	<b>43.9%</b>
<b>OTHER TAXES</b>							
Cable TV	1,120,209	590,732	52.7%	545,962	60.4%	602,096	66.6%
Admissions Tax	977,505	467,586	47.8%	492,108	54.5%	465,122	51.5%
Garbage	913,545	467,685	51.2%	451,662	49.0%	564,275	61.3%
Gaming Tax	88,104	38,667	43.9%	48,208	40.2%	42,001	35.0%
<b>Total - Other Taxes</b>	<b>3,099,363</b>	<b>1,564,670</b>	<b>50.5%</b>	<b>1,537,940</b>	<b>54.0%</b>	<b>1,673,494</b>	<b>58.8%</b>
<b>TOTAL TAXES</b>	<b>77,641,070</b>	<b>38,058,729</b>	<b>49.0%</b>	<b>36,893,282</b>	<b>49.6%</b>	<b>35,127,328</b>	<b>47.2%</b>
<b>BUSN LICENSES AND DEVELOPMENT FEES</b>							
<b>BUSINESS LICENSE</b>							
Busn License	3,530,277	1,843,434	52.2%	795,692	50.8%	940,493	60.0%
<b>DEVELOPMENT REVENUES</b>							
Develop Revenue - plumbing, electrical, heating	1,535,000	690,494	45.0%	610,722	39.9%	671,808	43.9%
Develop Revenue - Bldg insp & Plan Reviews	828,862	507,604	61.2%	561,512	53.8%	418,400	40.1%
Develop Revenue - Planning Fees	800,000	530,667	66.3%	446,972	49.7%	404,503	44.9%
Develop Revenue - Engineering Plan Check Fees	500,000	181,708	36.3%	226,266	20.6%	78,676	7.2%
Develop Revenue - Tech Surcharge	179,146	120,850	67.5%	101,767	53.6%	82,989	43.7%
Develop Revenue - Resid build permits	1,400,000	1,314,544	93.9%	888,047	61.2%	912,223	62.9%
Develop Revenue - Commercial build permits	700,000	220,870	31.6%	214,687	34.1%	300,699	47.7%
Develop Revenue - TI build permits	600,000	368,365	61.4%	251,437	52.4%	241,010	50.2%
Develop Revenue - MF build permits	500,000	130,719	26.1%	184,209	30.7%	134,385	22.4%
<b>Total - Development Revenues</b>	<b>7,043,008</b>	<b>4,065,821</b>	<b>57.7%</b>	<b>3,485,620</b>	<b>44.0%</b>	<b>3,244,692</b>	<b>40.9%</b>
<b>Total - Busn Lic and Development Revs</b>	<b>10,573,285</b>	<b>5,909,255</b>	<b>55.9%</b>	<b>4,281,312</b>	<b>45.1%</b>	<b>4,185,185</b>	<b>44.1%</b>



**General Fund Revenues and Expenditures  
January 1, 2005 - December 31, 2005**

	<b>2005-06 Budget</b>	<b>Jan-Dec 2005</b>	<b>% of Budget</b>	<b>Jan-Dec 2004</b>	<b>% of Budget</b>	<b>Jan-Dec 2003</b>	<b>% of Budget</b>
<b>INTERGOVERNMENTAL</b>							
<b>FIRE AND EMERGENCY SERVICE CONTRACTS</b>							
Fire: KC FD #34	8,439,944	3,698,609	43.8%	3,663,085	49.8%	3,436,976	46.8%
Fire: KC EMS	900,000	505,274	56.1%	465,129	58.1%	444,996	55.6%
Fire: Sammamish	667,894	667,894	100.0%	667,894	50.0%	667,894	50.0%
Fire: Eqt Maint	100,000	64,493	64.5%	56,495	37.7%	58,647	39.1%
Police Dispatch	231,018	111,085	48.1%	111,000	50.0%	115,509	52.0%
Criminal justice distributions	85,800	51,484	60.0%	49,886	59.4%	51,119	60.9%
<b>Total - Fire and Emergency Services</b>	<b>10,424,656</b>	<b>5,098,839</b>	<b>48.9%</b>	<b>5,013,489</b>	<b>50.4%</b>	<b>4,775,140</b>	<b>48.0%</b>
<b>OVERHEAD FEES AND STATE SHARED</b>							
Overhead Fees	4,509,537	2,229,216	49.4%	2,427,761	50.0%	2,325,325	47.9%
State shared: Motor Vehicle Fuel Taxes	1,300,000	686,262	52.8%	652,350	47.8%	655,200	48.0%
State shared: Liquor Profits and Taxes	962,789	527,571	54.8%	516,924	63.7%	454,494	56.0%
Federal/State/Local Grants	92,066	84,134	91.4%	131,539	78.7%	94,543	56.6%
<b>Total - Overhead fees and state shared</b>	<b>6,864,392</b>	<b>3,527,182</b>	<b>51.4%</b>	<b>3,728,575</b>	<b>51.8%</b>	<b>3,529,561</b>	<b>49.0%</b>
<b>Total - Intergovernmental</b>	<b>17,289,048</b>	<b>8,626,021</b>	<b>49.9%</b>	<b>8,742,063</b>	<b>51.0%</b>	<b>8,304,701</b>	<b>48.4%</b>
<b>OTHER</b>							
Investment Interest	669,564	291,097	43.5%	245,061	10.0%	371,485	15.2%
Licenses & Permits	222,569	97,425	43.8%	75,816	57.1%	108,814	82.0%
Fines and Forfeits	198,652	63,553	32.0%	175,953	59.8%	216,979	73.8%
Facility Use/Rent	169,962	152,813	89.9%	94,891	118.6%	82,892	103.6%
Busn License Penalties	118,214	78,104	66.1%	94,536	157.6%	394,587	657.6%
Other	761,570	386,090	50.7%	911,514	100.5%	944,650	104.2%
<b>Total - Other</b>	<b>2,140,531</b>	<b>1,069,081</b>	<b>49.9%</b>	<b>1,597,771</b>	<b>40.7%</b>	<b>2,119,406</b>	<b>54.0%</b>
<b>TOTAL REVENUES</b>	<b>110,803,741</b>	<b>58,694,040</b>	<b>53.0%</b>	<b>51,514,428</b>	<b>48.3%</b>	<b>54,774,393</b>	<b>51.3%</b>
<b>Total Revenues (excl. ec. conting)</b>	<b>110,803,741</b>	<b>56,994,040</b>	<b>52.3%</b>	<b>51,514,428</b>	<b>48.3%</b>	<b>54,774,393</b>	<b>51.3%</b>
<b>EXPENDITURES BY DEPT</b>							
Police	23,017,640	11,068,481	48.1%	10,770,908	52.3%	9,422,174	45.7%
Fire	24,191,560	12,852,003	53.1%	12,832,495	54.1%	11,032,699	46.5%
Public Works	15,041,741	7,137,071	47.4%	7,314,738	45.3%	7,701,634	47.7%
Finance	11,045,855	5,153,599	46.7%	4,686,979	46.1%	4,798,854	47.2%
Planning	10,663,366	4,699,000	44.1%	4,775,015	43.8%	4,752,759	43.6%
Parks	8,570,113	3,992,711	46.6%	4,046,813	44.5%	4,151,036	45.7%
Human Resources	1,824,103	890,185	48.8%	771,213	44.3%	754,091	43.3%
Legal	1,393,066	649,743	46.6%	739,961	54.2%	656,012	48.1%
Executive	1,086,552	545,319	50.2%	529,668	52.6%	476,629	47.4%
Non Departmental	13,645,113	5,374,013	39.4%	5,187,793	44.6%	5,595,659	48.1%
Legislative	324,632	126,892	39.1%	136,817	43.5%	124,757	39.6%
<b>TOTAL EXPENDITURES</b>	<b>110,803,741</b>	<b>52,489,016</b>	<b>47.4%</b>	<b>51,792,400</b>	<b>48.6%</b>	<b>49,466,304</b>	<b>46.4%</b>

**City W/WW Utility Operating Budget Summary  
January 1, 2005 - December 31, 2005**

<b>Water / Wastewater Utility</b>	<b>2005-06 Budget</b>	<b>Jan - Dec 2005</b>	<b>% of Budget</b>	<b>Jan - Dec 2004</b>	<b>% of Budget</b>	<b>Jan - Dec 2003</b>	<b>% of Budget</b>
<b>Beginning Fund Balance</b>	<b>4,246,907</b>	<b>4,246,907</b>	<b>100.0%</b>	<b>-</b>	<b>0.0%</b>	<b>1,689,630</b>	<b>87.0%</b>
Engineering Fees	533,714	194,693	36.5%	202,543	36.8%	238,656	43.4%
Water & Sewer Rate Revenues	24,170,910	11,070,795	45.8%	11,650,343	53.3%	11,167,271	51.1%
Regional Capital Facility Charge Revenue	1,545,000	1,422,284	92.1%	559,227	101.4%	15,844	2.9%
Metro Sales	15,635,376	7,826,443	50.1%	7,251,920	52.8%	6,991,990	50.9%
Debt Retirement	-	-	0.0%	419,991	18.4%	1,863,009	81.6%
Transfer in from construction							
Other Revenues	434,789	580,659	133.5%	246,269	78.3%	364,044	115.8%
<b>Total Revenue</b>	<b>42,319,789</b>	<b>21,094,874</b>	<b>49.8%</b>	<b>20,330,293</b>	<b>51.8%</b>	<b>20,640,814</b>	<b>52.5%</b>
<b>Total Resources Including Beginning Fund Balance</b>	<b>46,566,696</b>	<b>25,341,781</b>	<b>54.4%</b>	<b>20,330,293</b>	<b>49.3%</b>	<b>22,330,444</b>	<b>54.2%</b>
Operating Expenditures	11,819,256	5,217,151	44.1%	5,188,662	55.0%	4,621,027	49.0%
Metro Wastewater Treatment	15,635,376	7,860,449	50.3%	7,059,363	51.4%	6,991,993	50.9%
Water Purchases	6,102,540	2,779,637	45.5%	2,207,726	34.7%	3,079,672	48.4%
Regional Capital Facility Charge pass-thru to CWA	1,500,000	1,289,573	86.0%	548,000	99.4%	-	0.0%
WWW Revenue Bonds Debt Service	301,153	153,394	50.9%	156,938	4.7%	3,119,781	93.9%
Transfer to General Fund	2,404,288	1,187,244	49.4%	1,360,625	48.8%	1,320,825	47.4%
Transfers to CIP	4,685,755	2,187,490	46.7%	2,070,081	54.7%	2,035,494	53.7%
<b>Total Expenditures before Ending Fund Balance</b>	<b>42,448,368</b>	<b>20,674,938</b>	<b>48.7%</b>	<b>18,591,395</b>	<b>46.5%</b>	<b>21,168,792</b>	<b>53.0%</b>
Ending Fund Balance	4,118,328						
<b>Total Expenditures including Ending Fund Balance</b>	<b>46,566,696</b>						
<b>Operating Income (Loss)</b>							
Jan - Dec 2005	93,112						
Jan - Dec 2004	1,545,940						
<b>Water/Wastewater CIP</b>							
Capital improvements	14,150,000	6,980,984	49.3%	4,986,780	27.2%	5,882,522	32.1%
Fund Balance	5,951,071						
<b>Total</b>	<b>20,101,071</b>						

**City SWM Utility Operating Budget Summary  
January 1, 2005 - December 31, 2005**

<b>Stormwater Mgmt Utility</b>	<b>2005-06 Budget</b>	<b>Jan - Dec 2005</b>	<b>% of Budget</b>	<b>Jan - Dec 2004</b>	<b>% of Budget</b>	<b>Jan - Dec 2003</b>	<b>% of Budget</b>
<b>Beginning Fund Balance</b>	<b>1,065,714</b>	<b>1,065,714</b>	<b>100.0%</b>	<b>0</b>	<b>0.0%</b>	<b>1,925,644</b>	<b>100.0%</b>
Engineering Fees	225,801	85,222	37.7%	85,472	42.7%	97,177	48.6%
SWM Rate Revenue	14,030,267	7,079,175	50.5%	5,266,747	50.0%	5,058,850	48.1%
CIP Surcharge	0	0	0.0%	1,859,145	50.0%	1,783,499	48.0%
Other Revenue	34,738	32,199	92.7%	47,457	115.2%	29,148	70.7%
<b>Total Revenue</b>	<b>14,290,806</b>	<b>7,196,596</b>	<b>50.4%</b>	<b>7,258,821</b>	<b>50.1%</b>	<b>6,968,674</b>	<b>48.1%</b>
<b>Total Resources Including Beginning Fund Balance</b>	<b>15,356,520</b>	<b>8,262,310</b>	<b>53.8%</b>	<b>7,258,821</b>	<b>44.2%</b>	<b>8,894,318</b>	<b>54.2%</b>
Salaries and benefits	4,240,530	2,281,093	53.8%	2,241,143	60.8%	2,225,776	60.3%
Supplies	329,500	257,183	78.1%	168,177	22.9%	310,978	42.4%
Services	1,773,285	566,964	32.0%	580,052	48.2%	378,549	31.4%
Transfer to CIP	4,742,819	2,474,165	52.2%	3,264,641	52.9%	3,088,821	50.0%
Debt service payments	37,219	0	0.0%	0	0.0%	0	0.0%
Interfund transfers	2,815,801	1,398,816	49.7%	1,525,275	59.0%	1,304,012	50.5%
<b>Total Expenditures before Ending Fund Balance</b>	<b>13,939,154</b>	<b>6,978,221</b>	<b>50.1%</b>	<b>7,779,288</b>	<b>54.1%</b>	<b>7,308,136</b>	<b>50.8%</b>
Ending Fund Balance	1,417,366						
<b>Total Expenditures including Ending Fund Balance</b>	<b>15,356,520</b>						
<b>Operating Income (Loss)</b>							
Jan - Dec 2005	1,832,030						
Jan - Dec 2004	1,923,178						
<b>SWM CIP</b>							
Capital improvements	11,414,589	5,639,321	49.4%	4,406,325	52.5%	1,521,769	18.1%
Fund Balance	1,136,692						
<b>Total</b>	<b>12,551,281</b>						

**UPD Utility Operating Budget Summary**  
**January 1, 2005 - December 31, 2005**

UPD Utility	2005-06 Budget	Jan - Dec 2005	% of Budget	Jan - Dec 2004	% of Budget	Jan - Dec 2003	% of Budget
<b>Beginning Fund Balance</b>	1,109,332	1,109,332	100.0%	0	0.0%	1,294,416	100.0%
Engineering Fees	667,768	283,646	42.5%	204,334	25.5%	312,171	39.0%
Water & Sewer Rate Revenue	4,484,833	1,389,353	31.0%	1,281,468	50.6%	1,104,971	43.6%
Regional Capital Facility Charge Revenue	1,067,420	1,110,560	104.0%	1,028,174	85.4%	26,548	2.2%
Metro Sales	2,015,165	630,887	31.3%	570,896	88.9%	240,395	37.4%
Other Revenue	525,835	249,758	47.5%	220,776	40.8%	317,063	58.6%
UPD Depr Rate Surcharge	732,750	355,750	48.5%	355,255	47.4%	425,725	56.8%
<b>Total Revenue</b>	<b>9,493,771</b>	<b>4,019,954</b>	<b>42.3%</b>	<b>3,660,903</b>	<b>56.6%</b>	<b>2,426,873</b>	<b>37.5%</b>
<b>Total Resources Including Beginning Fund Balance</b>	<b>10,603,103</b>	<b>5,129,286</b>	<b>48.4%</b>	<b>3,660,903</b>	<b>47.1%</b>	<b>3,721,289</b>	<b>47.9%</b>
Operating Expenditures	2,439,656	798,920	32.7%	791,705	36.8%	832,634	38.7%
Prior Period Adjustment	0	0	0.0%	973,388	0.0%	0	#DIV/0!
Metro Wastewater Treatment	1,810,372	593,981	32.8%	396,138	74.8%	240,394	45.4%
Water Purchases	1,599,039	738,891	46.2%	533,931	57.1%	440,162	47.1%
Regional Capital Facility Charge pass-thru to CWA	1,000,000	1,074,337	107.4%	991,800	82.3%	0	0.0%
Transfer to CIP	2,256,773	903,101	40.0%	766,361	29.5%	1,279,735	49.2%
<b>Total Expenditures before Ending Fund Balance</b>	<b>9,105,840</b>	<b>4,109,230</b>	<b>45.1%</b>	<b>4,453,323</b>	<b>60.0%</b>	<b>2,792,925</b>	<b>37.6%</b>
Ending Fund Balance	1,497,263						
<b>Total Expenditures including Ending Fund Balance</b>	<b>10,603,103</b>						
<hr/>							
<b>Operating Income (Loss)</b>							
Jan - Dec 2005	(199,209)						
Jan - Dec 2004	67,204						
<hr/>							
<b>UPD CIP</b>							
Capital improvements	150,000	0	0.0%	24,877	4.3%	894,014	153.9%
Fund Balance	4,601,166						
Total	4,751,166						

**Capital Improvement Program Revenues and Expenditures**  
**January 1, 2005 - December 31, 2005**

<b>REVENUE CATEGORIES</b>	<b>2005-06 Budget</b>	<b>Jan-Dec 2005</b>	<b>% of Budget</b>	<b>Jan-Dec 2004</b>	<b>% of Budget</b>	<b>Jan-Dec 2003</b>	<b>% of Budget</b>
General Fund	5,571,516	2,814,884	50.5%	2,628,354	45.4%	2,936,829	50.8%
Real Estate Excise Tax (REET)	5,400,000	5,458,684	101.1%	4,087,128	97.3%	3,167,746	75.4%
Sales Tax on Construction	2,200,000	1,100,000	50.0%	1,100,004	50.0%	1,100,004	50.0%
Business License Surcharge [1]	7,008,157	3,602,038	51.4%	3,422,104	51.8%	4,062,208	61.4%
Impact Fees	2,760,000	1,892,706	68.6%	1,536,506	29.6%	1,758,712	33.9%
Private Contributions	195,340	576,824	295.3%	3,088,174	730.4%	1,431,867	338.7%
Federal/State Grants/Other	5,380,467	1,571,567	29.2%	3,063,854	50.5%	2,418,557	39.8%
Investment Interest	1,835,685	1,087,922	59.3%	615,747	24.4%	1,360,248	53.8%
Vehicle registration fees - local Option	0	0		-	0.0%	9,992	1.2%
Motor vehicle fuel tax	600,000	321,635	53.6%	305,017	48.9%	306,350	49.1%
Limited Tax G.O. Bond Proceeds	0	0		-	0.0%	3,698,472	104.2%
Operating Transfers	14,235,643	10,471,796	73.6%	7,377,851	45.0%	12,004,100	73.3%
Other Revenue [2]	209,000	129,280	61.9%	414,766	9.0%	238,149	5.1%
<b>Major Revenue Source Subtotal</b>	<b>45,395,808</b>	<b>29,027,337</b>	<b>63.9%</b>	<b>27,639,506</b>	<b>46.9%</b>	<b>34,493,234</b>	<b>58.5%</b>
Capital Lease - City Hall	36,089,000	0	0.0%	0	0.0%	0	0.0%
Beginning Fund Balance	48,907,746	46,078,474	94.2%	0	0.0%	47,865,212	99.7%
<b>TOTAL CIP REVENUES</b>	<b>130,392,554</b>	<b>75,105,811</b>	<b>57.6%</b>	<b>27,639,506</b>	<b>25.8%</b>	<b>82,358,447</b>	<b>77.0%</b>

<b>CIP FUNCTIONAL AREA EXPENDITURES</b>	<b>2005-06 Budget</b>	<b>Jan-Dec 2005</b>	<b>% of Budget</b>	<b>Jan-Dec 2004</b>	<b>% of Budget</b>	<b>Jan-Dec 2003</b>	<b>% of Budget</b>
Council CIP (Fund 314)	3,239,243	0	0.0%	0	0.0%	1,500,000	0.0%
Parks CIP (Fund 315)	12,282,881	4,138,932	33.7%	4,630,435	25.2%	8,985,317	22.4%
Transportation CIP [1] (Fund 316)	36,448,357	15,004,454	41.2%	21,053,643	37.9%	22,638,186	12.0%
Fire CIP (Fund 317)	1,725,641	762,666	44.2%	1,108,806	56.5%	263,918	9.6%
Police CIP (Fund 318)	4,524,029	270,990	6.0%	241,138	7.6%	88,654	2.1%
General Government CIP (Fund 319)	10,572,780	2,723,932	25.8%	1,053,690	9.0%	1,632,694	1.4%
<b>Total CIP Expenditures Subtotal</b>	<b>68,792,931</b>	<b>22,900,974</b>	<b>33.3%</b>	<b>28,087,712</b>	<b>29.6%</b>	<b>35,108,769</b>	<b>37.0%</b>
Capital Lease - City Hall	36,089,000	0	0.0%	0	0.0%	0	0.0%
Real Estate Excise Tax Transfers	9,864,924	6,302,707	63.9%	2,100,000	43.1%	2,129,056	43.7%
Ending Fund Balance	15,645,699						
<b>TOTAL CIP EXPENDITURES</b>	<b>130,392,554</b>	<b>29,203,681</b>	<b>22.4%</b>	<b>30,187,712</b>	<b>28.2%</b>	<b>37,237,825</b>	<b>34.7%</b>

[1] Excludes Business Tax dedicated to Transportation Demand Management projects which are accounted for outside of the CIP.

[2] Includes BROTS revenue from City of Bellevue for developer projects and other revenue.